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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

OMB APPROVAL	
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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Morgan Brewer Securities Co

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

3003 S. Loop West, Suite 330

(No. and Street)

Houston, Texas 77054

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Malone, John

(Name - If individual, state last, first, middle name)

5444 Westheimer Rd, Suite 2080 Houston, Texas 77056

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

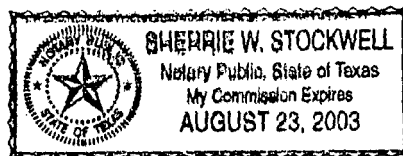
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public account
must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)

OATH OR AFFIRMATION

I, Steven Brewer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Morgan Brewer Securities, as of March 27 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Steven Brewer
President
Title

Sherrie W. Stockwell
Notary Public



This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Statement of Cash Flow
- ☒ (p) Statement of exemption to 15c3-3

or conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

MALONE & BAILEY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS



5444 WESTHEIMER RD., SUITE 2080
HOUSTON, TEXAS 77056
(713) 840-1210
FAX (713) 840-9034

www.malone-bailey.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Morgan Brewer Securities Co.
Houston, Texas

We have audited the balance sheet of Morgan Brewer Securities Co. as of December 31, 2001, and the related statements of operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of December 31, 2000 were audited by other auditors whose report dated February 22, 2001 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morgan Brewer Securities Co. as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Malone & Bailey, PLLC
Houston, Texas

February 24, 2002

Malone & Bailey, PLLC

MORGAN BREWER SECURITIES CO.
BALANCE SHEETS
As of December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash	\$ 11,761	\$ 15,256
 Total Assets	 <u>\$ 11,761</u>	 <u>\$ 15,256</u>
 Accrued Liabilities	 \$ 2,000	 \$ 1,300
Stockholders' Equity		
Common stock, \$.01 par, 1,000,000 shares authorized, 119,750 shares issued and outstanding	1,198	1,198
Paid in capital	403,653	403,653
Retained deficit	<u>(395,090)</u>	<u>(390,895)</u>
 Total Stockholders' Equity	 <u>9,761</u>	 <u>13,956</u>
Total Liabilities and Stockholders' Equity	<u>\$ 11,761</u>	<u>\$ 15,256</u>

See summary of accounting policies
and notes to financial statements.

MORGAN BREWER SECURITIES CO.
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Commission Income	\$ 155,205	\$ 257,070
Operating Expenses		
Management fees	139,250	144,577
Accounting	6,200	6,512
Commissions	4,600	72,125
Consulting	7,206	22,757
Other	<u>2,518</u>	<u>14,208</u>
Total expenses	<u>159,774</u>	<u>260,179</u>
Net operating (loss)	(4,569)	(3,109)
Add: interest income	<u>374</u>	<u>228</u>
Net (loss)	<u><u>\$ (4,195)</u></u>	<u><u>\$ (2,881)</u></u>

See summary of accounting policies
and notes to financial statements.

MORGAN BREWER SECURITIES CO.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2001 and 2000

	<u>Common Stock Shares</u>	<u>Amount</u>	<u>Paid in Capital</u>	<u>Treasury Stock</u>	<u>Accumulated Deficit</u>
Balances, December 31, 1999	136,250	\$1,362	\$415,989	\$(16,500)	\$(388,014)
Add: contribution to capital			4,000		
Net (loss)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(2,881)</u>
Balances, December 31, 2000	136,250	1,363	419,988	(16,500)	(390,895)
Cancellation of treasury stock	(16,500)	(165)	(16,335)	16,500	
Net (loss)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(4,195)</u>
Balances, December 31, 2001	<u>119,750</u>	<u>\$1,198</u>	<u>\$403,653</u>		<u>\$(395,090)</u>

See summary of accounting policies
and notes to financial statements.

MORGAN BREWER SECURITIES CO.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash Flows from Operations		
Net (loss)	\$(4,195)	\$(2,881)
Changes in operating assets and liabilities		
Accounts payable	<u>700</u>	<u>(1,200)</u>
Cash used by Operations	(3,495)	(4,081)
Cash Flows from Financing Activities		
Contributions to capital	<u> </u>	<u>4,000</u>
Net Increase (Decrease) in Cash	(3,495)	(81)
Cash at Beginning of Year	<u>15,256</u>	<u>15,337</u>
Cash at End of Year	<u>\$ 11,761</u>	<u>\$ 15,256</u>

See summary of accounting policies
and notes to financial statements.

MORGAN BREWER SECURITIES CO.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 and 2000

NOTE A - SUMMARY OF ACCOUNTING POLICIES

Morgan Brewer Securities Co. ("Company") is a registered broker and dealer of securities. The Company was formed as a Texas corporation in 1988, and has been operating in Houston, Texas since then. The Company changed its name from Augusta Securities Corporation on January 8, 2001. The Company is an introducing broker with accounts processed by Morgan Stanley Securities Company in Houston.

Cash and cash equivalents. The Company considers as cash all liquid securities with maturities of three months or less.

Marketable securities are valued at the current market price.

Income taxes are calculated based on the liability method.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications were made to the 2000 statements to conform to 2001 presentation.

NOTE B - CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

None.

NOTE C - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital of \$5,000 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2001 and 2000, the Company had net capital of \$15,112 and \$70,998, respectively. The Company's net capital ratio was 185.18% (2001) and .0775% (2000).

NOTE E - RELATED PARTY TRANSACTIONS

The Company uses personnel and facilities of its parent company, Brewer Pierce Capital Group, LLC. The Company makes payments from time to time to Brewer Pierce Capital Group, LLC for these services, paying \$139,250 during 2001.

MORGAN BREWER SECURITIES CO.
SCHEDULE I
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission

	<u>2001</u>	<u>2000</u>
NET CAPITAL		
Stockholders' Equity	\$ 9,761	\$ 13,956
Deduct stockholders' equity not allowable	<u>0</u>	<u>0</u>
Net qualified stockholders' equity	9,761	13,956
Add: Liabilities subordinated to claims of general creditors allowable in computation of net capital	0	0
Other adjustments	<u>0</u>	<u>0</u>
Total capital and allowable subordinated liabilities	9,761	13,956
Deductions for assets not readily convertible to cash	<u>0</u>	<u>0</u>
Net capital before haircuts on securities position	0	0
Other securities adjustments	<u>0</u>	<u>0</u>
NET CAPITAL	<u>\$ 9,761</u>	<u>\$ 13,956</u>
AGGREGATE INDEBTEDNESS		
Items included in the balance sheet	\$ 2,000	\$ 1,300
Other	<u>0</u>	<u>0</u>
Total aggregate indebtedness	2,000	1,300
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT		
Minimum net capital required	133	87
Minimum dollar net capital required	<u>5,000</u>	<u>5,000</u>
Net Capital Required	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Excess Net Capital	\$ 4,761	\$ 8,956
Percentage Aggregate Indebtedness to Net Capital	20%	9%

Note: The above agrees with the Company's Computation
(included in Part II of Form X-17a-5).

MORGAN BREWER SECURITIES CO.
Exemptive Provision Under Rule 15c3-3
As of December 31, 2001

The Company is exempt from Rule 15c3-3 based upon paragraph (K)(2)(ii).

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Independent Auditor's Report on Internal Accounting Control Required by SEC Rule 17a-5

To the Board of Directors
Morgan Brewer Securities Co.
Houston, Texas

In planning and performing our audit of the financial statements of Morgan Brewer Securities Co. for the year ended December 31, 2001, we considered its internal control structure, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications and comparisons,
2. Recordation of differences required by Rule 17a-13, and
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of

an internal control structure and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities and Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

Malone & Bailey, PLLC
Houston, Texas

February 24, 2002

Malone & Bailey, PLLC